

15 March 1990

DRAFT

MEMORANDUM FOR: Proprietary Review Board

FROM:

Chief, Political and Psychological Staff

SUBJECT: Options for QRPLUMB Termination

1. Following the ~~the~~ recent review of the CIA's Soviet Nationalities programs, the NSC decided that covert U.S. Government support to the Ukrainian CA project should be phased out over the next one to three years. During that period, the project would be assisted in finding alternate funding sources allowing it to be self-sustaining.

2. Background: QRPLUMB is a PPS controlled subsidy located in Newark, New Jersey, with affiliates in Munich and London. It produces a Ukrainian-language monthly political-literary magazine, a Russian-language socio-political quarterly journal, pamphlets, bulletins, and books for infiltration and distribution in the Soviet Ukraine. Its purpose is to provide intellectual and moral support to those Ukrainians who seek social and political moderation of the Soviet system and who encourage liberalization among the Ukrainian population. In addition, QRPLUMB provides material support to various independent groups inside Ukraine through a variety of contacts developed over the years.

QRPLUMB is one of the oldest CA operations targeted on the Soviet Union and is the only project conducting operations in the Soviet Ukraine. The roots of the operation reach into World War II and a resistance organization formed by a group of Ukrainian underground leaders. The Agency established operational contact with this organization in 1946 and in 1952 it formed QRPLUMB as an Agency supported proprietary targeted on the Soviet Ukraine.

Three witting principal officers of the QRPLUMB organization are met regularly by a PPS case officer: QRPLUMB/57 - president, QRPLUMB/103 - vice-president, and QRPLUMB/75 - treasurer. QRPLUMB/2, a resistance leader and the founder and principal manager of the project for over thirty years, retired in 1975 but is still closely associated with the QRPLUMB operation as an

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advisor and consultant.

QRPLUMB is a for-profit company. In addition to the three principal officers, it has a staff of eight unwitting employees and uses the services of some fifteen freelancers.

3. The paramount consideration in the phase-out process is the protection of the security of this operation which over its long existence has never been compromised. With this in mind, and after consulting with appropriate elements of the DDO, PPS has developed the following scenarios for terminating its relationship with the QRPLUMB operation:

A. Gradual Funds Reduction. Under this option, QRPLUMB would continue receiving financial support for the next three years but at a gradually reduced level. The QRPLUMB FY-90 budget has already been reduced by ten percent from FY-89 level, to [] and in FY-91, the budget would be further reduced to [] and in FY-92 would drop to []. During that time, we would provide QRPLUMB with guidance and, if necessary, assistance in locating alternate sources of funding to supplement the diminished CIA support. One way QRPLUMB could increase its outside revenue would be by making the organization more commercial: it could increase subscriptions, sell advertising and offer services to the public, for example, research and specialized studies for companies interested in doing business in Ukraine. Another way would be to solicit donations from the Ukrainian community, foundations and other non-government organizations. A combination of commercial activity as well as financial support from the community would probably be needed to make the organization self-sustaining.

B. One Time Termination Payment. Under this scenario, QRPLUMB would receive a lump sum termination payment before the end of FY-90, at which time our relationship with the organization would cease. QRPLUMB could use the funds to support its activities for a period of time while seeking other financing, establish a foundation, hire professional fundraisers, etc. The amount of the termination payment would have to be sufficient to ensure smooth transition from Agency to independent support of the organization; we estimate approximately []. Basically, we would have no control over and no responsibility for QRPLUMB activities once the payment is made.

C. Immediate Termination. The third option is to give a termination notice to QRPLUMB principals and withdraw our support completely. Because such an action would be extremely disruptive to the operation and consequently carry a potential of creating serious security problems, it is not being considered.

4. The gradual funds reduction would give us the greatest control over the transition process inasmuch as we would still be able to give direction on the content of the operation and continue monitoring its security. At the same time, in order to enable QRPLUMB to solicit outside support, we would need to release it from our past restrictions on its activities in the U.S., such as sales of subscriptions or solicitation of funding from U.S. organizations. We will need a clear reading from OGC on the activities in which QRPLUMB can engage in the U.S. while still receiving support from the CIA.

5. The option of one time termination payment would be simpler to implement since it would clearly cut our relationship with QRPLUMB and release us from the responsibilities for its future activities. It would allow the organization the freedom to expand its distribution of publications and initiate solicitation of support without CIA review and regulatory limitations.

6. While the QRPLUMBS have not been informed of the plan to terminate our relationship, contingency plans for the future have been discussed with them at various times in the context of past budget uncertainties and the changing situation in the Soviet Union. They have always stated that it is their desire and intention to continue their activities, adjusted if necessary, even if eventually they would have to do it on their own. The options listed above will be discussed with the QRPLUMB principals to determine the most practical and secure method to implement the phasing out of the CIA support.

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